GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

STARRED QUESTION NO:101
ANSWERED ON:02.05.2016
SEZ Policy
Kamaraaj Dr. K.

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the salient features of the current Special Economic Zones (SEZ) policy;

(b) whether shortcomings have been reported in the said policy, resulting in huge revenue losses to the Government and if so, the details thereof;

(c) whether the Government proposes to review SEZ policy including amendments in the relevant law and/or procedure thereon; and

(d) if so, the details and the present status thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (INDEPENDENT CHARGE)
(SMT. NIRMALA SITHARAMAN)

a) to d): A Statement is laid on the Table of the House.

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STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 101 FOR ANSWER ON 02nd MAY, 2016 REGARDING "SEZ POLICY"

(a): The Special Economic Zones (SEZs) policy was launched in April, 2000. The Special Economic Zones Act, 2005, was passed by Parliament in May, 2005 which received Presidential assent on the 23rd of June, 2005. The SEZs Rules, 2006 came into effect on 10th February, 2006. The salient features of the SEZ scheme are:-

(i) A designated duty free enclave to be treated as a territory outside the customs territory of India for the purpose of authorised operations in the SEZ;
(ii) No licence required for import;
(iii) Manufacturing or service activities allowed;
(iv) The Unit shall achieve Positive Net Foreign Exchange to be calculated cumulatively for a period of five years from the commencement of production;
(v) Domestic sales subject to full customs duty and import policy in force;
(vi) Full freedom for subcontracting;
(vii) No routine examination by customs authorities of export/import cargo;
(viii) SEZ Developers /Co-Developers and Units enjoy Direct Tax and Indirect Tax benefits as prescribed in the SEZs Act, 2005.

(b): The fiscal concessions and duty benefits allowed to SEZs are in built into the SEZs Act, 2005. These exemptions are in the nature of incentives for export and are consistent with the principles that guide export promotion initiatives of the Government in general. Incentives provided are conscious public policy actions and cannot be termed as revenue loss.

(c) & (d): Ongoing review and reform, as necessary, of Government policy and procedure is inherent to Public Policy. The Government, on the basis of inputs/suggestions received from stakeholders on the policy and operational framework of the SEZ Scheme, periodically reviews the policy and operational framework of SEZs and takes necessary measures so as to facilitate speedy and effective implementation of SEZ policy.
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